

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN JACK WELLS**, on January 17, 2005 at 8:30 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. Jon Tester, Vice Chairman (D)
Sen. John Brueggeman (R)
Sen. Mike Cooney (D)
Sen. Bob Keenan (R)
Rep. Ralph L. Lenhart (D)
Rep. John E. Witt (R)

Members Excused: None.

Members Absent: Rep. Carol C. Juneau (D)

Staff Present: Laura Dillon, Committee Secretary
Catherine Duncan, Legislative Branch
Mark Bruno, OBPP

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 6, 1/17/2005; HB 8, 1/17/2005
Executive Action:

Reference book is: Governor's Budget, State of Montana, Treasure State Endowment Program, Fiscal Years 2006-2007, Volume 5; and the Governor's Budget State of Montana, Fiscal Years 2006-2007, Renewable resource Grant and Loan Program, Volume 7.

CHAIRMAN WELLS called the meeting to order and invited REP. WITT to speak on HB 8.

HEARING ON HB 8

Opening Statement by Sponsor:

REP. JOHN WITT (R), HD 28, opened the hearing on **HB 8**, Renewable Resource Loans.

John Tubbs, Department of Natural Resources and Conservation (DNRC) said HB 8 contained three new loans as well as other loans that had been authorized during the last session. The bill requires a three-quarters vote on the floor to pass.

SEN. TESTER asked if HB 8 had always required a three-quarters vote.

Mr. Tubbs replied that HB 8 had required a three-quarters vote in the past and continued his presentation of the Renewable Resource Grant and Loan (RRGL) Program.

Mr. Tubbs said that the funding limit for projects through RRGL is \$100,000 per grant by recommendation. The program includes project planning grants of up to \$10,000 per project and emergency grants for as much as \$30,000. Eligible projects include drinking water, waste water, irrigation, dam, and railroad projects. Mr. Tubbs presented pictures of a RRGL water project completed recently in Deer Lodge.

SEN. TESTER asked Mr. Tubbs if he could tell him the size of the pipe used in the Deer Lodge Project.

Mr. Tubbs replied that a smaller pipe actually goes through a larger casing, but he did not know the exact measurements.

SEN. TESTER asked how long it took to complete the excavation for the project.

Mr. Tubbs said it took about two weeks for that part of the project.

REP. WITT asked how far under the ground the pipe was placed.

Mr. Tubbs replied that the pipe was buried about six feet under the surface.

Mr. Tubbs explained more recent RRGL projects, including one on the Dodson Dam.

Mr. Tubbs said communities wishing to apply for a grant can either fill out the RRGL application or the state's uniform application, depending on the goals of the project. Applications are then reviewed and ranked at a meeting of department officials according to a set ranking criteria. The ranking criteria includes several points on which the applicant can either gain a positive or negative score. This ensures that communities complete accurate planning prior to application.

Mr. Tubbs stated that the agency receives a total of \$4 million to use for RRGL projects. According to budget estimates, 40 of 59 projects will be funded this biennium. There is \$300,000 available for project planning grants and \$100,000 for emergency grants. Project planning grants must be matched by the applicant. Emergency grant money cannot be awarded for structure deterioration due to improper planning or maintenance. There are four projects that have not been recommended for funding because they are either private projects or have significant application flaws.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 30}

SEN. TESTER asked how the monetary amount was determined for loans under the RRGL program.

Mr. Tubbs replied that loan amount was generally related to applicant's ability to pay.

SEN. TESTER asked if there was a cap on the amount that could be loaned.

Mr. Tubbs answered that there is no cap and often the department ends up adding to the original loan amount.

Cathy Duncan asked Mr. Tubbs if he could go over what happens to emergency grant money that is not used.

Mr. Tubbs stated that any leftover emergency grant money rolls into the state special revenue account.

Ms. Duncan asked if that money could then go back to being used for emergency grants if there was a need during the next biennium.

Mr. Tubbs replied, "No."

Mark Bruno asked Mr. Tubbs if he would be talking about the appropriation for Northern Montana's Water Quality Training Lab.

Mr. Tubbs said there had been money appropriated for the program for over a decade and he could explain more if the committee has questions during executive action.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 8.8}

CHAIRMAN WELLS began the hearings for RRGL projects.

Town of Manhattan Project # 30 Page 88

Pam Smith, DNRC, said this grant will finance the second phase of waste water treatment improvements to the Town of Manhattan. Full funding of \$100,000 has been recommended for the project.

Proponents' Testimony:

Jeff Larson, Stahly Engineering, said the town had to amend their original preliminary engineering report to account for new Department of Environmental Quality (DEQ) waste water standards. The town has decided a mechanical treatment plant will be the most cost effective option for them. The plant has low usage costs and will lower ammonia to acceptable standards. The project is still going to cost an estimated \$3.2 million and the town cannot afford to defer much more of the cost onto their already high sewer rates.

Eleanor Mest, Mayor of Manhattan, urged the committee to support their RRGL grant as well as additional funds on their TSEP grant. The mayor testified that sewer rates have become a hardship for the community and their projected target rates for funding applications have also increased.

Vicki Ellison, Citizen of Manhattan, went on record in support of the project.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. TESTER asked for clarification of how target rates are determined.

Bob Fischer, DNRC, said the rates are based on the latest census information as correlated to a percent of median household income. If Manhattan's target rates have increased, it is because target rates were reconfigured based on more recent census data.

SEN. TESTER commented that based on their application, the population of Manhattan was expected to increase. He asked if the current project was designed to meet the projected population increase.

Mr. Larson answered that the project was based on the future population projection and could easily be expanded to accommodate more growth.

CHAIRMAN WELLS asked if any potential developers in the Manhattan area would be responsible for some of the project costs because these grant funds were not intended to facilitate private financial gain.

Mr. Larson replied that the Town of Manhattan has imposed impact fees to deal with the issue.

{Tape: 1; Side: B; Approx. Time Counter: 8.8 - 26.5}

Jefferson Valley CD Project #7 Page 31

Ms. Smith stated that the project money will be used for research and implementation of watershed restoration plans. The project has been recommended for the full funding amount of \$95,469.

Roxann Lincoln, Jefferson River Watershed Council, handed out copies of the council's objectives for the Jefferson River (Exhibit 1). She cited concern over native trout decline and low water flow as part of the reasons behind the restoration project.

EXHIBIT(j1h12a01)

{Tape: 2; Side: A; Approx. Time Counter: 0 - 4.8}

Mike Murphy, MT Water Resources Association, stated for the record that his organization supports restoration efforts along the Jefferson River.

John Heide, Jefferson Valley Conservation District, went on record in support of the measure.

SEN. TESTER asked what the conservation district was planning to do to address erosion control.

Ms. Lincoln replied that they would probably work with The Montana Conservation Corps to re-slope and re-vegetate the river banks. The district is considering an irrigation and maintenance project to eliminate sediment loss along the banks.

SEN. TESTER asked if additional money would be required to deal with the canal refurbishment.

Ms. Lincoln replied that the money for the canal part of the project had already been secured.

REP. WITT asked if there were strings attached to funding that the project had secured federally.

Ms. Lincoln answered that the money came in the form of a grant that is distributed directly to Trout Unlimited. Trout Unlimited is working closely with the conservation district.

CHAIRMAN WELLS asked if the project had tried to secure any funds from Future Fisheries.

Ms. Lincoln replied that Future Fisheries will not fund studies or project design. Currently the Jefferson River Project has not moved past the design phase.

{Tape: 2; Side: A; Approx. Time Counter: 4.8 - 12}

MT Water Management Capacity Project #55 Page 150

Ms. Smith explained that the project will focus on increasing water management capacity and management education to landowners. The project has been recommended for funding of \$99,714.

Proponents' Testimony:

Karen Filipovich, MT Water Course, said the study will address water rights, groundwater, and flood plain management. This information is used by realtors and small-acreage landowners. Montana State University will facilitate the study. The information gathered from the study will help reduce the number of problems arising from water rights disputes. This study will allow small acreage landowners to be proactive in addressing water issues.

Alan Rollo, Sun River Watershed Group, stated that his watershed was currently dealing with problems that this study could potentially address.

Rich Moy, DNRC Water Resources Division, stated that there was a lack of understanding of water management among citizens of the state. He supports any study that could help educate the landowners.

Roxann Lincoln went on record in support of the project.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. TESTER asked why the issue of education was not handled by the conservation district.

Mr. Rollo answered that many conservation districts do not have the staff or resources available to address the problem.

REP. WITT asked what water education intended to accomplish.

Mr. Rollo stated that education on water rights would significantly reduce the amount of realtor and landowner conflicts and litigation.

REP. WITT commented that he would like to see the results of these studies.

Ms. Filipovich replied that she would be happy to present the committee with the project success stories.

CHAIRMAN WELLS asked why a university project was looking for a grant from RRGL.

Ms. Smith answered that she had recommended Ms. Filipovich to apply for money under the RRGL Program instead of going through the university system. This is because DNRC funding will go directly to the project, whereas university dollars may not.

Mr. Tubbs added that RRGL money is only part of the funding package for this project. Often special agency projects will come for funding through RRGL.

Gallatin County Flood Plain Project #18 Page 50

Mr. Fischer said this project had requested \$100,000 to match other sources of funding. This project will address flood plain maps and flood plain delineation in the area of Gallatin County.

Proponents' Testimony:

Jennifer Madgic, Gallatin County Planning Director, testified that the area addressed in the study was ranked number one in the state for growth. The county would like to have an accurate map of the flood plain and address related issues before development of the area.

Sean O'Callahan, Gallatin County Flood Plain Administration, stated that the area contains complex hydrology. There has been much flooding in the area in the past, and currently the developers are only completing small scale studies.

{Tape: 2; Side: A; Approx. Time Counter: 12 - 31}

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Deadman's Basin Project #6 Page 28

Mr. Fischer explained that the Deadman's Basin Project is owned by DNRC. It is operated and maintained by the Deadman's Basin Water Users Association. A study is proposed for the main supply canal that carries water from the Musselshell River to Deadman's Basin for off-stream storage. Some of the funds will also go to line the supply canal. The project is recommended for a \$100,000 grant and \$50,000 loan.

Proponents' Testimony:

Kevin Smith, State Water Projects Bureau Chief, discussed the Deadman's Basin Irrigation Project and handed out pictures (Exhibit 2) of the project. The canal has deteriorated and is currently only running at half-capacity. The funding for the project will pay for a feasibility study and for lining of the main canal. Areas irrigated by this project are estimated at two towns and 160 farms.

EXHIBIT(jlh12a02)

Teri Hice, Deadman's Basin Project Manager, testified that \$59,000 have been spent in the past year to temporarily seal the canal. The water users association spends a significant amount of time removing sediment from the system. The proposed study will focus on water conservation for the main canal.

Bob Goffena, President of Deadman's Basin Water Users, stated that the canal system has been unable to divert enough water to fill the reservoir. Much of the water diverted escapes downstream.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 13.3}

Mike Murphy went on record in support of the Deadman's Basin Project.

REP. ALAN OLSON, HD 45, and SEN. DAVE LEWIS, SD 42, stated their support for the project.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Livingston Flood Damage Study Project #48 Page 134

Mr. Fischer said funding in the amount of \$100,000 had been recommended for this project. The money will go towards technical evaluation of the levies that have been constructed along the Yellowstone River.

Proponents' Testimony:

Steve Golnar, Livingston City Manager, voiced his concern for flood plain control. The city is working with several other state and federal agencies in an effort to clarify the flood plain boundaries. The city is prone to flooding from the Yellowstone River. Widening the banks of the Yellowstone River has been proposed to mitigate the flood problem. This project will not go ahead without a feasibility study first.

John Tubbs commented that the project did not rank high with RRGL because it is primarily a result of infrastructure problems.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Frenchman Dam Project #11 Page 42

Mr. Fischer explained the structure of the Frenchman Dam for the committee members. \$100,000 has been recommended for this project, which will pay for a study to determine the type of repairs necessary.

Proponents' Testimony:

Kevin Smith stated that the project would install monitoring wells along the dam and perform a hydrology study on the basin to determine the appropriate size of a structure for this project. He distributed pictures and a fact sheet on the project to the committee (Exhibit 3). The reservoir has lost much of its storage capacity over the years due to upstream degradation. Mr. Smith

stated that Phillips and Valley Counties both support the project.

EXHIBIT(jlh12a03)

{Tape: 2; Side: B; Approx. Time Counter: 13.3 - 31.5}

Gus Yesska, Frenchman Water Users Association; REP. WAYNE STAHL, HD 35; and Mike Murphy all went on record in support of the Frenchman Dam Project.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

Blaine County CD Page 162

Ms. Smith introduced the Blaine County Project. The project had requested funding for spillway improvements. No funding has been recommended for this project because the dam is privately owned and most of the benefits realized will be private.

Proponents' Testimony: none.

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

MT Heritage Commission

Ms. Smith explained that this project proposes to construct public restrooms in Nevada City and Virginia City. Need for the restrooms was established from a public health standpoint and did not meet the RRGL criteria. No funding has been recommended for this project at this time.

Proponents' Testimony:

Jeff Tiberi, MT Heritage Association, testified that the restrooms would open up a historic area to the public. The restrooms will draw more people into the area and will consequently help with economic development. There is limited bathroom use in Virginia City and no public rest area in the region.

Mr. Tiberi distributed copies of the public restroom plans (Exhibit 4). He stated that the restrooms could fall under the RRGL criteria for development of natural resources. A gulch that was once used for mining will be opened up and developed for

wildlife viewing. They would like to put a nature trail along the area running from Virginia City to Nevada City and this will be difficult to do without public restroom access.

EXHIBIT(jlh12a04)

James Carpita, MT Heritage Commission, testified that the towns would like to develop educational programs around the mining reclamation and natural habitat that is in the area and this puts the project within RRGL funding criteria. The proposed structure will be of precast concrete, which was selected for its low-maintenance. The outside of the structures will be formatted to fit in with the historic themes of the two towns.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 16.6}

REP. DIANE RICE, HD 71, stated her support for the projects.

Colin Matthews, Mayor of Virginia City, testified that the area of the proposed projects contained a scenic stream and educational mining activity. The mining sites are being reclaimed and the towns would like to build a walking path along the route. They would like to add a visitors center and additional parking to the area. Mr. Matthews feels that adding public restrooms will increase the amount of time visitors will remain in the area.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. WITT asked if traffic in Virginia City was increasing.

Mr. Matthews responded that visitation has been increasing lately. This is based on tax dollars being up in the past years.

{Tape: 3; Side: A; Approx. Time Counter: 16.6 - 30.6}

Ruby Valley CD Project #58 Page 157

Ms. Smith stated that the project ranked low in feasibility, but still met enough criteria to be recommended for funding in the amount of \$33,694. Ms. Smith handed out copies of written testimony on behalf of Ruby Valley Conservation District (Exhibit 5).

EXHIBIT(jlh12a05)

Proponents' Testimony: none.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

Mr. Tubbs commented that the conservation group was very proactive. More effort on the application would have gotten them a better ranking.

Mr. Tubbs described the St. Mary's Project and explained other bills that could have implications for HB 7.

CHAIRMAN WELLS discussed the joint meeting with the Sub-Committee on Natural Resources and then adjourned the meeting.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 14.7}

ADJOURNMENT

Adjournment: 11:10 A.M.

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/LD

Additional Exhibits:

EXHIBIT ([jlh12aad0.PDF](#))